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C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 002249

SIPDIS

ABIDJAN FOR USED/AFDB; PARIS FOR PARIS CLUB

E.O. 12958: DECL: 09/03/2009

TAGS: [PREL](#) [EFIN](#) [BR](#)

SUBJECT: PRESIDENT CHISSANO VISITS BRAZIL

REF: A. BRASILIA 796

[1](#)B. BRASILIA 1975

Classified By: DepPolCouns Lawrence Cohen, reasons 1.4 (b & d)

[1](#)1. () Summary: Mozambique President Chissano visited Brazil on August 31 and was rewarded with over USD 315 million in debt forgiveness for his country, the most relief Brazil has given during President Lula's administration. Chissano is well regarded in Brazil, and his decision to step down has generated some angst here. President Lula, meanwhile, is showing that his Africa-oriented foreign policy is no fluke. End Summary

Worth the Trip to Brazil....

[1](#)2. (U) During Mozambique President Joaquim Chissano's August 31 visit to Brasilia, the Brazilian Government (GOB) announced it would write off 95% of Mozambique's official debt (USD 315.1 million) with the balance (USD 16.6 million) to be converted into investment or equity funds. The accord was signed by Brazilian Finance Minister Antonio Palocci and President Chissano. The GOB also confirmed it would finance the installation in Mozambique of a pharmaceutical plant for manufacture of anti-retrovirus medicine. In forgiving Mozambique's debt, President Lula stated that Brazil was setting an example for other countries. Minister Palocci emphasized that Brazil's initiative followed guidelines set by the Paris Club to assist Mozambique and would not have any impact on Brazil's own financial situation. (Note: The Chief of the Foreign Ministry's Africa II Division told poloff that Mozambique has been current on its debt obligations to Brazil. End Note)

[1](#)3. (SBU) Debt relief for Mozambique follows closely President Lula's announcements regarding Bolivia (where during a July visit he announced debt relief of USD 48.7 million of Bolivia's USD 52 million debt), Gabon (USD 36 million of debt to be renegotiated), and Cape Verde (promised debt forgiveness of USD 2.7 million). According to press reports, the GOB is also analyzing possible debt relief for El Salvador.

Polemics Aside...

[1](#)4. (SBU) In public remarks referring to visiting President Chissano, who has ruled Mozambique for 18 years, Lula expressed regret that Chissano had decided not to run for reelection in December. The Brazilian President went on to praise President Chissano: "You have learned to appreciate, as few have, the symbolism and real value of the exercise of democracy." (Comment: Chissano is very popular in Brazil and enjoys close friendships with senior Brazilian officials such as former President Jose Sarney. End Comment)

[1](#)5. (U) Chissano spoke to diplomats and new Brazilian foreign service officers at the prestigious Rio Branco Institute (the GOB equivalent of the Foreign Service Institute) about conflict resolution in Africa. He elaborated on two key themes: Africans must stop blaming their colonial past for the continent's present problems, and Africans must utilize African solutions to resolve conflict and not depend on the United Nations or others. Moreover, he said each conflict had its own roots and unique characteristics which must be addressed. His most pointed comments in response to a question dealt with Zimbabwe. While not praising President Mugabe, Chissano made clear that, given the history, Mugabe and Zimbabwe were essentially the same and could not be separated, and constant dialogue among all the parties was the only way to relieve the country's internal pressures.

Comment

[1](#)6. (C) During the last few months, President Lula has been putting some substance into what initially appeared a hollow Africa policy. At the upcoming September heads of state meeting at the UN to discuss the creation of a world fund to combat poverty, Lula will likely refer to his government's efforts to help Africa, including some on-going and planned initiatives with India and South Africa. During Chissano's visit, President Lula vowed that he would go to Africa every year, and we sense he will meet this

promise. Foreign Ministry contacts tell us that west Africa, probably Nigeria and Guinea Bissau and possibly Ghana and Senegal, could expect Lula's next African foray.

17. (C) However, when looking across the Atlantic, President Lula ought to select his itinerary and message carefully. His July visit to Gabon, his ride there in an open Rolls Royce with Gabonese President Bongo, and a subsequent bad joke by Lula that he'd visited Gabon to learn how to stay in power 37 years earned the President some ridicule here (ref B).

Danilovich